ment are neglecting the country's affairs by attempting to carry on under-staffed. I am most concerned about the Child Welfare and Outdoor Relief Department, and that is the vote under consideration. Only a little while ago, when introducing the Estimates of the Mines Department, the Minister made a very fine speech. But I want from the Minister some announcement or assurance that the unemployed arriving from the Eastern States are not going to be permitted to be a burden on the people of the eastern goldfields.

Progress reported.

BILL—LAND TAX AND INCOME TAX (No. 2).

Returned from the Council with requested amendments.

House adjourned at 10.43 p.m.

Legislative Council,

Tuesday, 10th November, 1931.

The PRESIDENT took the Chair at 4.30 p.m., and read prayers.

HOUSE STAFF DESIGNATION.

The PRESIDENT: I wish to announce that I have decided to make an alteration in the designation of an officer of the House. For many years past we have had a Chief Messenger. Henceforth the designation of that officer will be Clerk of Records and Accounts, as he will be required to perform clerical duties as well as those of Chief Messenger.

QUESTION—PASTORAL LEASES, KIMBERLEY FORFEITURES.

Hon. J. J. HOLMES asked the Chief Secretary: What was the total area of pastoral leases forfeited respectively (a) in the East Kimberley, and (b) the West Kimberley Divisions since the 30th June, 1917?

The CHIEF SECRETARY replied: (a) Total cancellations, 6,209,938 acres; re-selection of cancelled areas, 1,981,178 acres; net cancellations, 4,228,760 acres; less new selections, 1,580,741 acres; excess of cancellations over selections from 1-7-17 to 1-11-31, 2,648,019 acres. (b) Total cancellations, 7,142,914 acres; re-selection of cancelled areas. 1,567,492 acres; net cancellations, 5,575,422 acres; less new selections, 4,084,141 acres; excess of cancellations over selections from 1-7-17 to 1-11-31, 1,491,281 acres.

QUESTION—STATE IMPLEMENT WORKS.

Hon. J. J. HOLMES asked the Chief Secretary: 1, Have the Government obtained a valuation of the plant and machinery at the State Implement Works? 2, If so, what was the amount of such valuation?

The CHIEF SECRETARY replied: 1, Yes. 2, £47,771, inclusive of buildings.

LEAVE OF ABSENCE.

On motion by Hon. H. Seddon, leave of absence for six consecutive sittings granted to Hon. E. H. Harris (North-East) on the ground of ill-health.

BILL—STAMP ACT AMENDMENT (No. 4).

Second Reading.

Debate resumed from the 4th November.

THE CHIEF SECRETARY (Hon. C. F. Baxter—East—in reply [4.39]: Until the last few days, the officers of the Treasury and I had been under the impression that Mr. Nicholson was a well-wisher of the provisions in the Stamp Bill for the suppression of fraud and the evasion of stamp duty. His speech has since informed us that he is quite unfriendly to the Govern-

ment in their efforts to cope with the evil, and the attempt to compel the full payment of stamp duty. He now claims that the Bill will operate to the detriment of business people generally, but he is wrong in that assumption as even a cursory glance through the measure will convince hon. members that the main purposes of the Bill are only to tighten up those sections of the Act that are not functioning as intended, and peculiarly Mr. Nicholson is now arguing for a continuance of those undesirable conditions, in which the State Treasury is a great sufferer.

Speaking on the provision for the cancellation of stamps, Mr. Nicholson craved some consideration for those handling foreign bills of exchange; but there is really no need for his plea, for the banks will still be permitted to cancel such bills, and other business men holding similar documents are within easy access of the stamp office where the documents can be cancelled at the moment of presentation. Mr. Nicholson must realise the fact that the adamant provisions for the perforation of stamps are vitally necessary for the protection of the revenues of the State, and even if there were slight inconveniences in regard to cancellation, then they should be borne without complaint in the full knowledge of the good accruing to the State revenue. Therefore Section 21, which deals with the cancellation of stamps, is most vital if the State is to be protected. At present it is possible for anyone to remove the cancellation marks off adhesive stamps. In fact, hawkers are now canvassing from door to door in the suburbs, offering an ink eradicator for sale. I have some of the eradicator in my possession, and will be pleased to demonstrate its remarkable qualities to hon. members interested in its use. It is because of the use of such wonderful eradicators that the other States of the Commonwealth and Canada have already adopted the method of perforated cancellation of stamps as proposed by the Bill.

Mr. Nicholson does not seem to understand that it is not the matter of the stamps not being cancelled that is at fault; it is the way they are cancelled. At present, as soon as any documents have outlived their purposes, some of the stamps are removed and then cleaned up with the excellent eradicators that are on the market, and afterwards re-used. This is no idle statement, as I can show from official files in my possession. Moreover, as previously stated, I can demonstrate that it can be done most successfully and even hon. members would be prepared, I am certain, to accept the stamps so treated as unused stamps. If Mr. Nicholson will look at the proviso to Clause 3, he will see that the proposed new subsection will not apply to a bill of lading, or any other instrument chargeable with a duty of not more than one shilling, which is the maximum duty. That is quite clear, and it is useless Mr. Nicholson endeavouring to convince the House otherwise. The amending Bill will not apply to stamp duty on small receipts, and that is clearly shown in the proviso referred to. Mr. Nicholson had much to say about foreign bills of exchange and maintained that the banks and others would be greatly inconvenienced in the affixing and cancellation of the adhesive stamps on such bills, if the amending provision were inserted in the principal Act. Evidently Mr. Nicholson has not yet grasped the fact that the facility for affixing stamps and perforating them will still be available to the banks. The proposed amendment will not cause the banks any inconvenience in that regard. They will still be able to affix stamps and to cancel them by perforation. The cancelling machine will be a cheap instrument similar to a punching machine used by a ticket collecter on the railways.

Regarding Clause 5, Mr. Nicholson seems to be under the impression that all bills of exchange payable on demand after 21 days attract additional duty. He has misread the clause. The aim of the amendment is to prevent bills of exchange payable on demand being used as such when they are really payable at some future date and supported by an agreement, expressed or implied. If he will carefully peruse the clause he will notice the words "under the agreement expressed or implied." That clause is copied from the Victorian Act. In that State great use had been made of the method of evading stamp duty and action had to be taken to circumvent the efforts of the persons concerned. Now our stamp officials find that similar tactics are being indulged in here and great use is being made of demand drafts for the purpose of repayment of money at some future date. The clause under discussion represents the efforts of the Treasury to put

a stop to the practice. Yet Mr. Nicholson is unsympathetic and offers tedious reasons for the amendment of the clause. The clause does not cover cheques, orders, letters of credit or drafts, as stated by him. Such documents are not accompanied by agreements expressed or implied, which words govern the operation of the clause. Of Clause 9, which amends Section 72 of the Act and deals with certain contracts to be chargeable as conveyances on sale, Mr. Nicholson said it provoked considerable discussion among those concerned with its application, as they maintained that stamping agreements with the full ad valorem after an agreement had been executed would interfere with the sale of land and its settlement in certain neighbourhoods. That might be so if the hon. member's assumption of the effect of the clause was correct. He read into the clause something that does not appear in the clause, and did not correctly state the features of the amendment.

In stating the objections of auctioneers and land agents he said that it may interfere with the sale of land, but overlooked the important view that a purchaser of land is more likely to be able to pay his stamp duty on the signing of the contract than at the finish. The auctioneers and land agents have taken a selfish view of the operation of the amending provision. They are looking at their own pounds, shillings and pence to the total exclusion of the Treasury's share in the transaction. The point the auctioneers and land agents are concerned with is a simple one. It is that the deposit from the purchaser may be a little less owing to the necessity to pay stamp duty. The amendment should not affect land sales unless they are of the Land and Homes type, which would be in the interest of the public generally. Stockbrokers will not be affected by the amendment, as on the sale of shares they execute a contract note. That is provided for under Section 108. If, however, a person sold through a stockbroker shares to the value of £200 on terms, and a special agreement was executed, then the transaction would come under the proposed amendment, but ordinary sales for cash would not be affected, as the duty would be payable on the transfer, which would be executed at the same time. In the course of his remarks Mr. Nicholson said, "If I, as a registered proprietor of land, sold it to the Leader of the House and subsequently the Minister re-sold for a higher figure to Mr. Mann, the effect of the proposed amendment would be that Mr. Mann would be left in the unhappy position of having to pay two conveyance duties." That is exactly what is happening every day under the Act as it stands at present, and the Government wish to remedy that undesirable state of affairs in the way proposed in the amendment. According to Section 67A of the Act, if a man sells his land under contract and the purchaser resells to a sub-purchaser before obtaining a transfer from the original owner, then stamp duty is attracted on each sale. The experience has been that on the registration of the transfer the final purchaser has often been burdened with two or three lots of stamp duty, which, of course, is most unfair.

A case which recently happened in the city is typical of many. A purchaser of city property, wherein there were four intermediary or sub-purchasers, obtained his transfer from the original vendor and found on going to register his transfer that four lots of stamp duty were payable amounting in all to approximately £350; whereas on his own particular transaction he was liable for only £90. Nevertheless he had to pay for the other sub-purchasers and had no redress as he was liable. The Act at present says that the duty is attracted on the transfer. That scandalous injustice to the final purchaser will be overcome if the House accepts the amendment set forth in the Bill. It will remove the defect in the Act, as henceforth each contract of sale will bear its own particular duty relating to the particular purchase. This requirement will prevent hardship being inflicted on the final purchaser or transferee. It will also help the State to obviate revenue leakages and that, from the point of view of the Treasury, is a most important feature of the provision. Under the proposed amendment, no additional taxation or fee is payable by any purchaser of land. It only provides that the duty will be payable by the person or party entitled to pay at the time the purchase takes place.

A purchaser of any land on payment of his deposit and signing the contract obtains possession of the land and pays his rates thereon. Therefore, having obtained his property, it is only reasonable that he should pay his stamp duty. The amendment makes it incumbent on the right person to pay instead of, as at present in many

cases, reselling without paying. If passed as printed, the amendment will achieve that which Mr. Nicholson desires, namely, that each party shall pay his own duty. I would add that similar provisions have been in operation in New South Wales for a number of years and have worked to the advantage of the parties concerned in the purchase of land.

Mr. Nicholson flatly contradicted me when I questioned his knowledge of the procedure in walk-in-walk-out sales. As is his wont, he persisted in his contentions, and quite clearly showed that he was absolutely ignorant of the subject. The object of the amendment in regard to walk-in-walk-out sales is not to exact a little more duty but only to collect the correct amount of duty to which the State is entitled on those transactions. Instead of assisting the Government, the hon. member conveyed a wrong impression of the amendment to the House and weaved a network of improbabilities to influence members. At the present time, on walk-in-walk-out sales, it is necessary that the value of the chattels, livestock and moveable plant should be separately stated in the contract because, as such, they do not attract duty. To defeat the Treasury, it is happening in some cases that the value placed on chattels, livestock and moveable plant is overstated with the object of lowering the amount on which duty is payable.

For example: a hotel lease, chattels, etc., are sold on a walk-in-walk-out basis for, say, £10,000. It may be that the lease is worth £9,000, and the chattels, stores, furniture, etc., £1,000, but for the purpose of stamp duty the lease is shown on the document presented to the Stamp Office as worth only £8,000, and the chattels, etc., £2,000. Thus the State is defrauded of stamp duty on £1.000. Similar cases can be quoted for other businesses and trades. As one possessing some knowledge of the sale of pastoral propositions, I want to tell the hon. member that his conception of such sales and the valuation thereof is far from correct. The amendment will not hang up or hinder any such sales, as the Commissioner of Taxation will not be interested in the matter until after the sale has taken place, when he might be requested by the Commissioner of Stamps to verify the sale price of the fixed assets. It is very improbable that any sales would arise that would necessitate a valuer being sent North. Moreover sufficient information on such properties is obtainable in the city from the balance sheets, profit and loss accounts, taxation returns and from the pastoral appraisement board. The vendor or purchaser of any property who correctly and honestly states the prices applicable to each class of asset need not fear the operation of the clause as only colourable transactions will come within its scope. If the amendment is agreed to, the parties concerned in walk-in-walk-out sales will have to set out correct values, and that obligation will prevent the leakage of revenue which is taking place.

When any property is sold on terms, no delay whatever will occur on the transfer of the property, as the contract of sale will have been previously stamped with the duty attracted to the sale. It is the contract of sale and not the transfer duty which the Government are seeking to provide for. As a matter of fact the transfer would require a fee of 2s. 6d. only. I trust that explanation of the procedure will remove the wrong impressions created by Mr. Nicholson. New South Wales had trouble similar to that which we are now experiencing, and had to enact provisions similar to those appearing in the Bill.

Briefly replying to Mr. Seddon, I desire to assure him that the Government cannot really afford the loss involved in his proposal regarding share transactions. Last session Parliament extended some relief to those concerned in the dealing in shares by making transfer duty 1s. for every £5 or part thereof in lieu of 5s. for every £25 or part thereof. Those rates do not apply to mining companies whose transfers attract duty of only one penny. At the present time it is impossible to give any relief in share transactions unless, of course, the loss is made good by an increase of taxation in other avenues.

Question put and passed.

Bill read a second time.

In Committee.

Hon. J. Cornell in the Chair; the Chief Secretary in charge of the Bill.

Clauses 1, 2—agreed to.

Clause 3—Amendment of Subsection 1 of Section 21:

Hon. J. NICHOLSON: I move an amendment—

That the following be added to the proviso:—"or is a bill of exchange or promissory note, as referred to in Section 55 of the principal Act, or is a charter party under Section 61 of the said Act."

The clause provides for stamping by perforation, in lieu of the method at present in vogue. I have been informed that the use of perforating machines would cause some trouble, particularly in those instances provided for by the Stamp Act, in which persons into whose hands the documents may come are permitted to cancel the stamps. One very important type of document which comes into the hands of bankers particularly, is that known as a foreign bill of exchange. The Leader of the House has called attention to the fact that the proviso exempts any document from perforation where that document is not liable to duty of not more than 1s. That is true. But as foreign bills of exchange are not stamped until they arrive, it is the custom for banks to affix the stamps to these documents and to cancel them in the ordinary way. I therefore suggest, in addition to exempting documents which might bear the shilling stamp to make similar provision in regard to the others. A charter party is provided for under Section 61 of the Act. There provision is made for the party concerned to cancel the stamps. On the second reading of the Bill I said I was desirous of assisting the department to detect any fraud that had been perpetrated. We wish to prevent fraud. The addition of the words will not involve the department in any loss, but will provide a convenience.

The CHIEF SECRETARY: I accept the hon. member's assurance that it is his wish to assist the department in preventing the perpetration of frauds, but 75 per cent. of the documents to which he has referred will not exceed 1s., and are released on demand.

Amendment put and negatived.

Clause put and passed.

Clause 4—agreed to.

Clause 5—Certain bills of exchange and promissory notes not to be deemed to be payable on demand:

Hon. J. NICHOLSON: There is great risk that such instruments as drafts, orders, cheques and letters of credit may be brought within the scope of this clause, and attract to them the duty which would be payable on a bill of exchange, payable at a period which would be indicated by the term for which these bills or documents operated. Section 49 of the Act states clearly that the expression "bill of exchange" includes drafts, orders, and letters of credit. In addition to that, in Section 78 of the Bills of Exchange Act a cheque is set out to be a bill of exchange, drawn on a banker and payable on demand. We are familiar in business with what is known as post-dated cheques, and they are probably more numerous at the present time than in good times. Accordingly, if any hon. member should be in the happy, or unfortunate position, of getting a post-dated cheque, which he thinks is better than nothing at all, he will require to bear in mind that if we pass this clause he may find himself liable to some other duty. What is worse in connection with it is the latter part of Subclause 2, which provides that a person who takes or receives any such bill of exchange or promissory note—which includes a cheque—shall be liable to a penalty of double the amount of duty payable on such bill of exchange or promissory note, and shall not be entitled to recover thereon in any court, or to make the same available or cognisable for any purpose whatever. If, as I contend, a post-dated cheque has to be regarded as a bill of exchange, and if a person sued upon that afterwards in the light of the clause we are asked to pass, the person would be met with the defence by the party who gave the cheque that it could not be sued for, and he would find himself in an awkward position. It is for that reason that I am trying to make it clear that the use of the words "bill of exchange" in the clause shall be confined to what we know as a bill of exchange. I move an amendment—

That in line one of the proposed new section "or" be struck out and the following inserted:—"(other than and excepting a draft, order, cheque and letter of credit) or a."

The CHAIRMAN: It will be scarcely necessary to strike out "or."

Hon. J. NICHOLSON: I think my amendment would serve to keep the position clear.

The CHAIRMAN: If "or" were left in, the clerk would attend to it.

Hon. J. NICHOLSON: Very well.

The CHIEF SECRETARY: The amendment would defeat the object of the Bill. After all, a post-dated cheque really takes the place of a promissory note.

Hon. J. Nicholson: This would do away with the use of a promissory note.

The CHIEF SECRETARY: This clause has been copied from the Victorian Act, where it has been found very satisfactory. The amendment would open the door, instead of closing it. There has been a test case on this. In that case the cheques were all post dated and were given under an agreement. In the judgment it was held that a post-dated cheque was a bill of exchange.

Hon. J. Nicholson: That is what I say.

The CHIEF SECRETARY: If the Committee accepts the amendment it will serve to defeat the object of the Bill.

Hon. J. NICHOLSON: It is a common practice for business men to take a post-dated cheque. A post-dated cheque has been held by the court to be a bill in circumstances similar to those contemplated by the clause.

The CHAIRMAN: There is nothing in the amendment about post-dated cheques.

Hon. J. NICHOLSON: No, but the word "cheque" includes a post-dated cheque. If we exclude a cheque, we exclude also a post-dated cheque. I say the exception is most essential. However, if the Committee think the risk should be taken, it is for them to say. My remarks have been fortified by what the Minister said.

The Chief Secretary: No, no.

Hon. J. NICHOLSON: It shows the necessity for excluding those documents to which I have referred.

Hon. G. W. MILES: I am opposed to the amendment. If it has been the practice to accept post-dated cheques, it should be discontinued at once. If, as the hon. member has said, these cheques are post-dated two or three months, a bill should be given carrying the necessary stamp duty. I cannot believe that business men are in the habit of taking post-dated cheques. It has never been my experience. A man owing a sum of money ought to be prepared to give a bill, or alternatively a cheque bearing even date, and rely on the creditor not to present it. It seems to me the amendment will rob the Government of certain revenue to which they are entitled.

Hon. Sir CHARLES NATHAN: I am astonished at Mr. Miles's astonishment that business men should accept post-dated cheques. It is surprising that he should not know how common the practice is, and how very desirable and convenient it is. I appreciate Mr. Nicholson's viewpoint and, as to cheques, I am prepared to agree with him. Hundreds of people find it inconvenient to meet a promissory note when due, and knowing they will have funds in a few days, send along a post-dated cheque for a week or two; and merchants, acting in good faith, are prepared to accept such cheques. It would be stretching the point to assume that those cheques would be presented before the proper date. It has been said that post-dated cheques should bear extra stamp duty. Personally I do not agree with that.

The CHIEF SECRETARY: I think Mr. Miles overlooked the fact that this provision applies only to post-dated cheques where there is an agreement expressed or implied between the parties. Ordinary post-dated cheques would not come into this category at all.

Amendment put, and a division taken with the following result:—

Ayes	11
Noes	10
Majority for	1

Ayes	
Hon. J. M. Drew	Hon. Sir C. Nathan
Hon. G. Fraser	Hon. J. Nicholson
Hon. E. H. Gray	Hon. H. Seddon
Hon. W. H. Kitson	Hon. H. J. Yelland
Hon. J. M. Macfarlane	Hon. E. H. H. Hall (*Teller.*)
Hon. W. J. Mann	

Noes	
Hon. F. W. Allsop	Hon. G. A. Kempton
Hon. C. F. Baxter	Hon. G. W. Miles
Hon. J. Ewing	Hon. E. Rose
Hon. J. T. Franklin	Hon. Sir W. Lathlain (*Teller.*)
Hon. V. Hamersley	
Hon. J. J. Holmes	

Amendment thus passed.

Hon. J. NICHOLSON: I move an amendment—

That in line 3 after "exchange," the words "(other than and excepting a draft, order, cheque, and letter of credit) or a" be inserted.

The CHAIRMAN: This amendment is consequential and will be made.

Hon. J. NICHOLSON: I move an amendment—

That after "penalty" in line 37, the words "not exceeding" be inserted, that the word "of" in line 37 be struck out, and that all the words after "Act" in line 39 be struck out, and "as the Commissioner shall determine" be inserted in lieu.

This amendment will give the Commissioner discretionary power to inflict, in certain cases, a penalty of treble the amount of the duty. Cases may come before him in which he may think the excuse tendered for the full duty not being paid at the time is not a good one, and he can adjust the matter himself. I propose to leave these questions to the Commissioner so that he may be able to inflict a penalty up to an amount not exceeding treble the duty. This will render it unnecessary for parties to go to court.

The CHIEF SECRETARY: I have no objection to the amendment, though I do not think it will serve any good purpose.

Amendment put and passed.

Hon. J. NICHOLSON: I move an amendment—

That Subclause 3 be struck out.

The amendments which have just been made leave the penalties to the discretion of the Commissioner. There is, therefore, no need to subject parties to the expense that might be involved if the subclause remained in the Bill.

The CHIEF SECRETARY: I am astonished that this amendment should have been moved. If the present Commissioner retired, and a vicious officer were appointed in his place, a serious position might arise if the subclause were not in the measure. It would be wise to allow it to remain in the Bill.

Hon. Sir Charles Nathan: I agree with the Chief Secretary that the clause should remain.

Hon. J. NICHOLSON: I will withdraw the amendment.

Amendment, by leave, withdrawn.

Clause, as previously amended, agreed to.

Clauses 6 to 8—agreed to.

Clause 9—Amendment of Section 72:

Hon. H. SEDDON: I move an amendment—

That in proposed Subsection 1 (page 4), there be inserted after "merchandise" in line 6, and within the brackets, the words "and stock or marketable securities."

This will mean that contract notes for the sale of stock or marketable securities will not have to carry the ad valorem stamp duty provided elsewhere in the Bill.

Amendment put and passed.

Hon. J. NICHOLSON: I move an amendment—

That in proposed Subsection 1 (as amended) after "securities" and within the brackets, the words "or any ship or vessel or part interest or share or property of or in any ship or vessel" be inserted.

Amendment put and passed.

Hon. J. NICHOLSON: I move an amendment—

That in proposed Subsection 2 the words "in respect of the consideration moving from the purchaser to the original vendor less any portion thereof which shall have already been paid, and" be struck out.

The amendment makes it clear that each purchaser shall be liable on his own agreement. It is unfair to visit upon an innocent purchaser under any agreement the omissions of a previous purchaser. The proposed subsection as it stands means that if A has sold to B and then B has sold again to C, the ultimate purchaser, C, is liable for the duty not only on his own agreement but also on the agreement made between the original parties A and B. Each party should be liable to pay the duty on its own agreement.

The CHIEF SECRETARY: Mr. Nicholson's amendment conflicts with Section 67a of the principal Act, and if carried will have the opposite effect to that desired.

Amendment put and negatived.

Hon. J. NICHOLSON: I move an amendment—

That the following be added to proposed Subsection 3—"and notwithstanding anything to the contrary contained in the principal Act, or any amendment thereto, no further duty shall be payable on any such conveyance or transfer."

This makes it clear that no further duty will be charged. Under certain conditions questions might be raised.

The CHIEF SECRETARY: This amendment also conflicts with Section 67a. There is no use in inserting the proposed words.

Hon. J. NICHOLSON: I do not think there will be a conflict. The amendment makes it clear that no further duty will be

payable beyond that which is made payable under this section. The ad valorem duty will be charged on the agreement. Under the clause as so far passed by the Committee, the last purchaser will be liable to duty on every contract.

The CHIEF SECRETARY: This matter is already provided for in Section 67a. The amendment is unnecessary.

Amendment put, and a division taken with the following result:—

Ayes	9
Noes	10
Majority against ..	1

AYES.

Hon. F. W. Allsop	Hon. W. H. Kitson
Hon. J. M. Drew	Hon. H. Seddon
Hon. E. H. Gray	Hon. H. J. Yelland
Hon. E. H. H. Hall	Hon. J. Nicholson
Hon. J. J. Holmes	(*Teller.*)

NOES.

Hon. C. F. Baxter	Hon. J. M. Macfarlane
Hon. J. Ewing	Hon. W. J. Mann
Hon. J. T. Franklin	Hon. Sir C. Nathan
Hon. V. Hamersley	Hon. E. Rose
Hon. G. A. Kempton	Hon. Sir W. Lathlain
	(*Teller.*)

Amendment thus negatived.

Hon. J. NICHOLSON: I move an amendment—

That in paragraph (d) of the proviso after the words "charges of the umpire" there be inserted "and of the valuator of the person presenting the contract or agreement."

In certain circumstances, where there is a difference of opinion as to the value, the Commissioner may bring in his valuator; and then, in the case of the Commissioner's valuation being upheld, the costs and charges of the umpire and of the Commissioner's valuator have to be paid by the person who has made a mistake. But supposing the valuation discloses the fact that the value is the other way, in favour of the individual, then the costs and charges of the umpire only shall be paid by the Commissioner. On the taxpayer the proviso casts a double burden of costs and charges; but in the other case the taxpayer, or the person paying the duty, is not given the same right to be recouped his expenses. Therefore I move the amendment.

The CHIEF SECRETARY: It will not cost the department anything, and if it pleases the hon. member, I will agree to the amendment.

Amendment put and passed; the clause, as amended, agreed to.

Clause 10—Amendment of Section 74:

Hon. J. NICHOLSON: I move an amendment—

That all words after "by" in line 2 be struck out, and the following inserted in lieu:—"inserting after the word 'requires,' appearing in sixth line of the said section, the following words:—'and if it shall appear that stamp duty computed at the rate provided in respect of a mortgage on the total amount of the payments to be made in respect of hire under any such agreement shall be greater than the amount of duty payable thereon, if stamped as an agreement or as a deed as aforesaid, then such agreement shall be liable to and be charged with stamp duty as though the same were a mortgage for the amount of such total payments in lieu of stamp duty as an agreement or deed.'"

In my second reading speech, I explained that this refers to the duty on hire-purchase agreements. I understand that the amendment has been considered by the departmental officials and that they have approved of it.

The CHIEF SECRETARY: I am prepared to accept the amendment.

Amendment put and passed; the clause, as amended, agreed to.

Clause 11—agreed to.

Clause 12—Amendment of Second Schedule:

Hon. J. NICHOLSON: I move an amendment—

That after the figures "12" at the commencement of the clause, "(1)" be inserted.

The effect of this amendment and the next two, will be that what appears as Clause 12 will be Subclause 1 of Clause 12; Clause 13 will appear as Subclause 2 of Clause 12, and the new subclause I propose to move, will appear as Subclause 3 of the same clause.

Amendment put and passed.

Clause 13—Further amendment of Second Schedule:

Hon. J. NICHOLSON: I move an amendment—

That the figures "13" at the commencement of the clause be struck out, and "(2)" be inserted in lieu.

Amendment put and passed.

Hon. J. NICHOLSON: I move an amendment—

That a new subclause, to stand as Subclause 3 of Clause 12, be inserted as follows:—

"(3.) The item "Policy of insurance," in the said second schedule, is amended by inserting after paragraph (e) therein the following as a new paragraph:—

(f) *Against damage to plate glass.*			
Wherein the sum insured is stated—	£	s.	d.
For every £100, and for every fractional part of £100 so insured ..	0	0	3
Wherein the sum insured is not stated—			
Where the annual premium does not exceed 30s.	0	0	3
Where the annual premium exceeds 30s. for every 10s., and for every fractional part of 10s. of the annual premium	0	0	1

Amendment put and passed: the clause, as amended, agreed to.

Clause 14—agreed to.

New Clause:

Hon. H. SEDDON: I move an amendment—

That a new clause, to stand as Clause 13, be inserted as follows:—

"13. Each of paragraphs (3) and (5) of the item 'Conveyance or transfer on sale of property,' as inserted in the second schedule to the principal Act by Section 2 of Act No. 11 of 1930, is hereby amended by the substitution of the amount '0 0 6' (sixpence) for the amount '0 1 0" (one shilling) therein.'"

This amendment refers to the transfer of shares and securities. In this State, we impose, under the Stamp Act, a duty of 1 per cent. on the transfer of shares, whereas in the other States, except New South Wales, the stamp duty is much less. I understand there is practically no stamp duty in Victoria. This imposes a penalty on the transfer of shares in this State, and it is an unwarranted impost on Western Australian companies. When the Minister replies, I would like him to tell the Committee how much stamp duty has been paid on the transfer of shares in connection with Western Australian companies during the past 12 months.

The CHIEF SECRETARY: I regret that I cannot give the hon. member the information he desires. I thought he knew it was impossible to give it, because there is no record of such transactions.

Hon. H. Seddon: I knew that.

The CHIEF SECRETARY: It will be remembered that there was a fight on this particular question, and there was a reduction by £5——

Hon. H. Seddon: But not in the rate per cent.

The CHIEF SECRETARY: No, but the reduction was agreed to in order to meet the position as best we could. In times such as the present, we cannot possibly agree to a reduction.

Hon. H. Seddon: I think you will gain by it.

The CHIEF SECRETARY: That is not so. It was unfair for some hon. member to suggest that were it not for the fact that no stamp duty applied then, the Swan brewery would not have commenced operations here. As a matter of fact, the brewery was established by a company domiciled in another State.

Hon. J. J. Holmes: Was not the Swan Brewery originally established by a Western Australian company?

The CHIEF SECRETARY: No, by a Victorian company.

Sitting suspended from 6.15 to 7.30 p.m.

Hon. H. SEDDON: Any transfer of shares in companies registered in Western Australia has to carry stamp duty of one per cent. I propose to reduce the stamp duty to 10s. per cent. That would encourage the registration of companies here. We have to look to the investment of capital for industries, and why should we penalise people who wish to start companies by subjecting them to a higher stamp duty than applies in the Eastern States? As to companies domiciled in the Eastern States with shareholders in this State, those shareholders invariably leave their shares on the Eastern States register because of the stamp duty imposed here. Another disability relates to probate duty. When the shares of a West ern Australian shareholder are registered in the Eastern States, probate has to be obtained in the Eastern States, and to that extent this State suffers because it does not get the probate duty on that property. If the shares were registered here, this State would get the probate duty. There are investors in the Eastern States who are looking for investments in companies here, but if a company were paying five per cent. dividend, a shareholder would lose practic-

ally one quarter's interest in the shape of stamp duty on the transfer of the shares. My proposal might result in less revenue to the Government, but the moral effect would be that much money would be introduced into the State, the value of local companies' shares would rise, and the State would gain more than it lost in stamp duty. The transfer of shares in co-operative and provident societies is subject to stamp duty and my proposal would assist those societies as well as industrial companies.

The CHIEF SECRETARY: It is questionable whether the State would derive the benefit indicated by Mr. Seddon. Companies have their registers in the Eastern States because a better market exists there. At this juncture the Government cannot agree to reduce taxation unless some other means be found to make good the loss.

Hon. H. Seddon: You cannot tell what the amount is.

The CHIEF SECRETARY: No, but I am advised that it would be considerable. The present is not a time to reduce taxation, and it is highly undesirable that the amendment should be made.

Hon. H. SEDDON: Treasury officials have no means of ascertaining what amount is involved in stamp duty on the transfer of shares. In view of the fact that only a small number of companies are registered here, the amount of loss would probably be comparatively small. On the other hand, if the stamp duty were reduced, there would be inducement for Eastern States investors to send money here, which would improve the value of local shares.

The CHIEF SECRETARY: There is no way of ascertaining the amount of taxation received from stamp duties on share transfers, and there is little hope of any benefit in the direction Mr. Seddon has indicated, at least for some years. The financial position is acute and will probably remain so for the next few years, and the Government need every penny. I hope the Committee will not agree to reduce the duty, because it will mean increasing taxation in some other direction and probably causing hardship. We cannot afford any experiments in finance at present.

Hon. H. SEDDON: Eastern States investors are manifesting considerable interest in Western Australian companies. They realise that Western Australia has the greatest future and that our investments must increase considerably in value once we get through the depression. Is it not desirable to encourage capital to come here and increase the value of shares? The Western Australian Stock Exchange is working under the disadvantage that every Western Australian share has to bear stamp duty of one per cent., while shares in the Eastern States carry no stamp duty.

The CHIEF SECRETARY: The amendment will encroach on the revenue of the State. The services of the country have to be carried on.

Hon. J. J. Holmes: Mr. Seddon says it will not encroach on the revenue.

The CHIEF SECRETARY: But he is looking years ahead.

Hon. J. Nicholson: Give it a trial.

The CHIEF SECRETARY: How are we to carry on meanwhile? The people expect a continuance of free services, and that will be impossible if taxation is reduced. Where are the avenues whence we might make good the shortage? We do not desire to impose further taxation on industry.

Hon. W. J. Mann: You do not know what the loss would be.

The CHIEF SECRETARY: I am assured that the loss would be very heavy.

Hon. H. SEDDON: What is the total amount of stamp duty received in Western Australia annually?

The Chief Secretary: I cannot say off hand.

Hon. H. SEDDON: It does not amount to anything like the sum written off in land tax last week.

Hon. E. H. H. HALL: I am in a dilemma because the Minister cannot tell us what loss the amendment would represent.

The Chief Secretary: No record is kept.

Hon. E. H. H. HALL: Possibly the advice of the officials represents a penny-wise-pound-foolish policy. The added revenue that the Government would collect would keep capital out of the State. Loan money will not be plentiful in future, and we should endeavour to induce private capital to come here. There is more to be considered than the few pounds of direct revenue from stamp duty. We certainly do want people to come here and spend their money and there should be no desire on the part of anyone to keep capital away. Unless the Minister can furnish some more tangible

reason for opposing the amendment, I shall be influenced to vote for it.

The CHIEF SECRETARY: The proposal would be all right if we had some revenue to play with, but it would be a fatal mistake now to adopt the proposal. I hope the House will not be led away by the statement that we are going to gain anything. The Government are in an exceedingly difficult financial position and cannot afford to whittle away taxation.

Hon. Sir CHARLES NATHAN: I should like to have had a clearer exposition of what the situation would be under the conditions suggested by Mr. Seddon and others, but in the absence of any definite information as to what the probable loss or gain would be, I feel constrained to support the Minister's arguments. If times were more buoyant and the revenue permitted the making of experiments, I would agree to Mr. Seddon's proposal. but these are not times for experiments of this description.

New clause put, and a division taken with the following result:—

Ayes	.. .. ..	6
Noes	.. .. ..	9
Majority against	..	3

AYES.

Hon. J. M. Drew	Hon. H. Seddon
Hon. J. J. Holmes	Hon. F. W. Allsop
Hon. G. W. Miles	(*Teller.*)
Hon. J. Nicholson	

NOES.

Hon. C. F. Baxter	Hon. J. M. Macfarlane
Hon. G. Fraser	Hon. W. J. Mann
Hon. E. H. H. Hall	Hon. Sir C. Nathan
Hon. V. Hamersley	Hon. E. Rose
Hon. G. A. Kempton	(*Teller.*)

Amendment thus negatived.

Title—agreed to.

Bill reported with amendments.

BILL—VERMIN ACT AMENDMENT (No. 2).

Second Reading.

Debate resumed from the 4th November.

HON. J. J. HOLMES (North) [7.55]: This small Bill was sprung on us the other evening and I moved the adjournment of the debate to look into the matter. I find it is quite in order; in fact, the Bill is necessary so that the taxation officer may be in a position to collect the rate. The rate that is levied is divided between the pastoralists and the agriculturists, and it was collected at the same time and on the same schedule as the land and income tax. But we are now exempting country lands from taxation and it therefore becomes necessary to amend the Vermin Act so that the Vermin tax may be imposed. Incidentally I take the opportunity to say how much I regret that the payment for the scalps of wild dogs and foxes has been reduced. A little while ago the Minister referred to the fact that everybody wanted free services from the Government, but it looks as if there was some truth in that, and that they were not so anxious to penalise themselves, because I find that under the Act the freeholder is expected to pay up to 1d. in the pound on the unimproved capital value and the pastoral leaseholder not more than ½d. on the unimproved capital of his holding. The higher rate was imposed at the commencement of the Act with the result that there was a sufficient fund with which to deal with dogs and foxes and we were well on the way to exterminating both the pests, which have been a menace to the country. At the inception of the Act the payment for scalps was £2 for dogs and in 1927 it was reduced from £2 to £1, and 5s. for scalps of pups. Originally £2 was paid for the scalps of foxes and £2 for cubs. Now the figure has been cut down from £2 to 5s. for grown foxes and to 1s. for cubs. The position has arisen that men are not prepared to go out to trap the pests because the payment does not warrant their doing so. This has been brought about by the reduction of the rate from 1d. to ½d. for the freeholder and from ½d. to ¼d. for the leaseholder. The Government have no control over this because the pastoral and agricultural representatives were able to out-vote the Government representative who was chairman of the board. It was unfortunate that the rates should have been cut down just at the time when the vermin, which was proving such a menace, was well on the way to being exterminated.

Hon. F. W. Allsop: Don't you think a lot of scalps came in from South Australia?

Hon. J. J. HOLMES: I do not know about that, but I do know that when the Bill was before the House, I was instru-

mental in having it amended in the direction of providing for a penalty of £500, or five years' imprisonment, for bringing scalps into the State. It was considered it would be difficult to catch the offenders, but if they were caught, they would have found the penalty pretty severe. The Bill is just an amendment in order that the rate may be collected properly, but I take this opportunity to say it was a very short-sighted policy to cut down the scalp payment just when these vermin were being exterminated. A few weeks ago I was driving through the country only a few miles out of town when we saw two foxes crossing the road. How many more there might have been in the adjacent bush, I do not know. It used to be thought the foxes would not go North, but when I was up there a few months ago it was seen that, like every other pest, they were getting up North. I hope that when the pastoralists' representative on the board finds that the foxes are likely to become a menace to the North he will join forces with the Government officer with the result that we shall get back to the scalp payment that justified men in going out after scalps. I will support the second reading.

HON. W. J. MANN (South-West) [8.1]: I do not intend to oppose the Bill, but I cannot let pass the opportunity for making reference to the fact that the amount payable in the past for scalps has been reduced. Yet to-day the menace is just as great as it was then, and settlers in the outback portions of the South-West. have experienced great losses. A little time ago some patriotic people suggested that a few of the unemployed might go out and see if they could secure some dingoes that were doing a lot of damage. Those people, although by no means wealthy, were prepared to supplement any amount the Government might pay for the scalps. I understand that at least three men went out, but the returns they secured were so small that they could not make a living, and so they had to come back. Possibly it does not mean much to the people in the metropolitan area whether the Government pay £2 or more for a dog scalp, but it is of tremendous importance to the man in the country who, rising in the morning, finds he has lost 15 or 20 sheep during the night. I recognise this is not a time when we could reasonably ask for a return to the old conditions, or even better conditions, but we must bear in mind that the present position is not at all a fair one. As Mr. Holmes says, it is a penny wise and a pound foolish economy. For that reason I will support the Bill, but when the finances improve I will be strongly in favour of reverting to the old payment and, if possible, to an even more generous payment, for I am certain that money expended in that direction will be very wisely spent. As Mr. Holmes has said, we were reaching the point when in a number of districts the vermin would have been exterminated, but now they are being allowed to multiply, and if it goes on for any length of time a lot of the country will be over-run.

HON. J. CORNELL (South) [8.5]: Actually there is nothing in the Bill to oppose. It does very little; it only purports to do what is being done now. Section 100A of the principal Act is to be amended (a) by deleting from Subsection 1 the words "assessed for the time being," and inserting in lieu thereof the word "determine," and (b) by deleting from Subsection 1 the words "under the Land and Income Tax Assessment Act, 1907-24." The only other proposed amendment is the deletion of subsection 6, which prescribes that if a holding is not assessed or assessable, the Commissioner of Taxation shall take the road district valuation. I want to put in a plea for the cocky east of the big rabbit-proof fence. When the Land Tax and Income Tax Bill was before us recently, a lot of members went into hysterics over the great benefit it would confer on the farmer, who, having a 1,000-acre holding, would not have to pay any land tax. But it is not proposed that he shall not pay the vermin tax. There are east of the rabbit-proof fence many men who escape the land tax although in some instances they have not 1,000 acres, while in other cases the Commissioner of Taxation has allowed a reduction for unusable land, which renders the holdings exempt from land tax for a period of five years. Yet anyone holding 150 acres has to pay vermin tax.

Hon. W. J. Mann: Although he does not get very much benefit from it.

Hon. J. CORNELL: Many of them have never had any benefit from it. I cannot see of what use the payment of vermin tax is to the man east of the rabbit-proof fence, who

has only a few rabbits and other small vermin to contend with.

Hon. J. J. Holmes: The Bill does not deal with rabbits.

Hon. J. CORNELL: No, it deals only with foxes and dogs. Except for a few chickens, the man east of the rabbit-proof fence is not bothered by these vermin. It is inside the fence, where the settlers have a few sheep, fowls and other things, that dogs and foxes are a menace. Such men of course do get some benefit from the payment of the vermin tax. If there is a justification for waiving the land tax west of the rabbit-proof fence, it is doubly justified east of the fence. All the Yilgarn farmers at Bullfinch, Lake Deborah, and in other localities, have to pay vermin tax, but what for I do not know. There is nothing in the Bill to exempt them. I protest against their having to carry this burden.

THE CHIEF SECRETARY (Hon. C. F. Baxter—East—in reply) [8.10]: I must agree with Mr. Holmes and Mr. Mann regarding the reduction of the payment on scalps, but I am surprised at the stand taken by Mr. Cornell, for already down Esperance way the settlers are stocking up with sheep, and so the vermin requires to be kept down. It is a great pity money was not available during recent months to carry on the onslaught against vermin, for had the money been available there would have been very few eagles left to-day. I hope that in the not distant future it will be possible to do something to clear out the pest altogether.

Question put and passed.

Bill read a second time.

In Committee, etc.

Bill passed through Committee without debate, reported without amendment, and the report adopted.

Third Reading.

Bill read a third time and *passed*.

BILL—DIVIDEND DUTIES ACT AMENDMENT.

In Committee.

Resumed from 5th November; Hon. J. Cornell in the Chair; the Chief Secretary in charge of the Bill.

Clause 2—Amendment of Section 6:

The CHAIRMAN: When progress was reported the Hon. J. Nicholson had moved to insert a new proviso as follows—

(c) Depreciation of plant used in the business of the company.

(d) All rates and taxes, including State and Federal land taxes and Federal income tax, and hospital tax actually paid during the year of return.

(e) The annual sum necessary to recoup the expenditure on improvements under covenant with the lessor on land by a lessee who has no tenant rights in the improvements. The deduction under this paragraph shall be ascertained by dividing the amount expended on the improvements by the lessee by the number of years in the unexpired period of the lease at the date the improvements were effected.

Provided further, that in assessing profits made by a company on the return forwarded to the Commissioner under the principal Act, there shall be allowed as deductions for the purpose of arriving at such profits the following:—

(a) Losses, outgoings, interest on mortgages and loans and expenses actually incurred by the company in Western Australia in connection with its business.

(b) Net trading, prospecting, or business losses incurred in any one or more years during the three years preceding the year of assessment; also net losses arising over a like period from the loss of stock-in-trade, crops and livestock due to droughts or other circumstances or conditions over which the company had no control or was unable to protect or insure against; but losses in respect to fixed capital assets shall not be allowed as a deduction under this section.

The CHIEF SECRETARY: I hope the Committee will not agree to the amendment. There is no necessity for it, because these deductions are recognised the world over as taxation law. There is no chance of any interference in respect to them. They are allowed by the Commissioner as a matter of taxation law. A Privy Council judgment dealing with the definition of "profits" and "gains" in an English income tax case, given by Lord Herschell, stated that one could not arrive at anything in the nature of profits or gains until one had deducted all the expenditure incurred in earning such profits or gains. The principle laid down by the learned judge is accepted in all taxation cases, and is applicable to profits of companies taxed under the Dividend Duties Act. Companies are allowed to deduct all the expenditure incurred in the earning of profits. No case is known where there has been any dispute with the Taxation De-

partment in that connection. The position is very different in the case of the income of a private individual, for the whole of the losses incurred by the individual must be borne by him out of his income. In the case of companies, losses incurred are taken into consideration. Under the Dividend Duties Act, however, there are many ways whereby payment of the duty can be avoided. Some of these are by means of directors' fees, the apportionment of profit, the bonus-share system, and members of the family being brought in as shareholders.

Hon. J. J. Holmes: Directors' fees can be challenged by the Commissioner of Taxation.

The CHIEF SECRETARY: It is not an easy position for the Commissioner. It means that he must police every return that is made. In this morning's paper appeared a letter over the initials "R.W." I have here the reply of the Commissioner of Taxation. It is as follows:—

From the statements contained in the attached letter, I am able to connect them with a case that came under my notice a few days ago, which I dealt with under Section 6, Subsection 7 of the Dividend Duties Act, by disallowing certain directors' remuneration as a deliberate attempt to evade payment of dividend duty.

The letter has reference to a local company carrying on educational work in the city, and which was originally a one-man business concern, but was converted into a limited liability company in 1922 with the object, in my opinion, of escaping the higher rates of income tax, Federal and State, which the taxpayer had to pay as an individual trader. The department could raise no objection to the transfer as everything was done in purely legal manner. The company was formed in 1922, since which date up to 1930, has paid dividends duty on profits without objection of any kind.

The statement that "during the past 10 years, by means of this iniquitous Dividend Duties Act, the State has exacted from our staff hundreds of pounds which could not have been demanded had we continued as an ordinary partnership"—is incorrect. In the first place the business was not a partnership, but carried on solely by the now principal shareholder and director of the company, and, had he continued to carry on as an individual, the amount of tax income that he would have paid at higher graduated rates of tax, Federal and State, would have been in excess of what the company and the shareholders have paid collectively since the formation of the company.

In the last year, prior to the conversion of the taxpayer's business into an incorporated company, he paid more Federal and State income tax than was paid by the company in the subsequent year.

The share capital of the company was £6,000 held as under:—

	Shares.
Principal shareholder who is the sole director and manager	4,448
Second shareholder and an assistant an employee of the company ..	1,000
To members of the principal shareholder's family	101
Others	451
Total	6,000

It will thus be seen that the concern is under one man who has supreme control over the whole of the company's operations, and can do just as he likes. In 1928 the directors drew, by way of salaries and fees, over £1,000, and duty was paid on profits exceeding £1,000. In 1929 the directors drew £1,171, and duty was paid on over £1,000. For the year 1930 the directors paid themselves the whole of the profits, amounting to over £3,000 and left nothing on which duty could be paid. In this year I exercised the power vested in me under Section 6, Subsection 7, by disallowing directors' fees and bonuses totalling £1,836, and assessed the company on this sum.

In my opinion the distribution of the whole of the profits for the year in salaries and bonuses to the directors was not so much an attempt to evade dividend duty but a deliberate evasion of Federal income tax due to the special super tax that had been imposed for that year on dividends and for remuneration of shareholders of companies. The special rate referred to was 1s. 6d. in the pound.

The distribution of bonuses is allowable under the Federal Income Tax Act, but under the provisions of the Dividend Duties Act I have power to review payment of such items, and where I am satisfied that the bonuses paid do not represent legitimate remuneration to shareholders, I can disallow the item, and it was this power that I rightly exercised in the protection of the State revenue that has brought forward the article.

This will show members how these things are worked.

Hon. J. J. Holmes: I thought this taxation information was confidential.

The CHIEF SECRETARY: This is a reply to a letter which appeared in this morning's "West Australian." Income cannot be compared with dividend duties. Fully 75 per cent. of our companies are foreign. This gives rise to all sorts of happenings. There may be a heavy overdraft in the case of the parent organisation in the Eastern States, and a heavy loss of business there. These things are apportioned against the company here. Losses and costs are worked in such a way that the profits of the local company are affected. I could tell members of companies which have been operated in such a way that they cannot be taxed. One company invoiced goods to Perth on a small

fraction under retail prices. The difference between the cost that was charged to the branch here and the retail price just covered the expenses and nothing more, and the benefit was reaped by the Eastern States company. If we are going to allow these deductions there will be practically no dividend duty paid. The deductions already made should be quite sufficient without Parliament going any further.

Hon. J. NICHOLSON: The Chief Secretary is quite right in regard to the interpretation placed by the Privy Council upon the word "profits." That interpretation would be placed upon it in the courts here. That is to say, all expenditure incurred in connection with the making of those profits would be taken into account in order to arrive at the amount of the profits. It has been recognised, however, that in the case of individuals, and also in the case of companies particularly under the Federal statute, as well as under the statutes of other States—there should be allowed, in addition to the expenditure necessarily incurred in the making of profits, certain further expenditure which, properly speaking, could not be classed as part of the amount necessary for making the profits. To make my meaning clear I need only instance a case which occurred here in 1909. A company sought to deduct the amount of the dividend duty which had been paid by them in the then current year of assessment, so that they might bring it in as part of the deductions in arriving at their profits. Naturally one would expect that such a deduction would be accepted as more or less legitimate; but the court held, and no doubt on the decisions quite properly, that in the absence of any statutory right to deduct that dividend duty, it could not be regarded as part of the expenditure necessarily incurred in arriving at the profits, and for this reason, that the dividend duty was a duty which was assessable and payable after the profits had been made, and therefore was not itself incurred in making the profits, but was a duty payable on the profits actually made. That case was followed by another case, in 1914, when a company carrying on business here and having its head office in the Eastern States sought to deduct a proportion of the Federal and State land taxes and income taxes. It was held that practically the same rule applied in that case as was determined in the previous case, namely that the amount could not be deducted because there was no statutory power to make that a necessary deduction in the making of the profits. Under the Federal Income Tax Assessment Act companies have the right given them to deduct Federal and State land taxes and Federal income tax; but that right is not exercisable, or would not be exercisable, unless the power is contained in the Act of Parliament. Accordingly all companies have the right under the Federal law to make the deductions when arriving at their profits, but under our Dividend Duties Act there is not the same right. Companies are limited entirely to the deductions which are either allowed as an act of grace or enumerated in the statute. But if a company were to add as a deduction trading losses for a period of three years, as is allowed under the Income Tax Act, there would be objection by the Commissioner, who would say it was not a statutory deduction. All that my amendment seeks is to apply to a company the same deductions as are allowed under the State Income Tax Assessment Act, Section 31 of which allows net trading losses for the three years preceding the period of assessment, and other losses specified. My amendment likewise seeks an allowance for depreciation, as is only fair. The Federal Act allows depreciation. Our State Land and Income Tax Act, by Subsection 15 of Section 31, allows the deduction of all rates and taxes, including State and Federal land taxes and Federal income tax. I have included the hospital tax because it has been imposed since the Land and Income Tax Assessment Act was passed. As regards the Federal Income Tax Assessment Act, it should be borne in mind that companies are allowed to make deductions for losses up to a period of four years, as against three years under the State law. We have a flat rate of 1s. 3d., plus 20 per cent. super tax, for companies; and at the present time a man would need to have an income of £3,511 before reaching that rate. Under the amendment passed on Thursday evening, the amount for a man will be £2,800. That is where the inequality comes in. I suggest we make our position as nearly akin as possible to the position under the legislation of other States and of the Commonwealth. Our legislation discourages companies from establishing themselves here. I have no desire to do anything which would interfere

with the revenue of the country; but my amendment would help the revenue of the country by bringing capital into our midst.

Amendment put, and a division taken with the following result:—

Ayes	9
Noes	7
Majority for ..	2

AYES.

Hon. F. W. Allsop	Hon. Sir C. Nathan
Hon. J. M. Drew	Hon. J. Nicholson
Hon. J. J. Holmes	Hon. H. J. Yelland
Hon. J. M. Macfarlane	Hon. H. Seddon
Hon. G. W. Miles	(*Teller.*)

NOES.

Hon. C. F. Baxter	Hon. G. A. Kempton
Hon. G. Fraser	Hon. E. Rose
Hon. E. H. H. Hall	Hon. W. J. Mann
Hon. V. Hamersley	(*Teller.*)

Amendment thus passed.

Progress reported.

BILL—SALVATION ARMY (WESTERN AUSTRALIA) PROPERTY TRUST.

Second Reading.

THE CHIEF SECRETARY (Hon. C. F. Baxter—East) [8.48] in moving the second reading said: Glancing at this Bill, members may gain the impression that a formidable task is before them, but I think, on looking into it, they will agree that it is not so awesome as it appears. The object of the Bill is to incorporate the Salvation Army in the State of Western Australia, and to vest in such body corporate the real and personal property of the army in Western Australia with power to deal in such property. All the property of the army in Western Australia is at the present time vested in the General of the army either in his capacity as General, or as Director of its social work. It would be more correct if this Bill were treated as a private measure, but in recent years various Governments have accepted similar proposals as public Bills, instead of sending them to select committees for proof of the preambles. In that way, delay and expense have been overcome, and in this particular instance, I do not think we should submit the army to those inconveniences as, in my opinion, we owe something to the organisation for its services in prison gate work and again for its splendid efforts at the Seaforth Homes. I have been Chief Secretary for a few weeks only, but already I know that the Government are indebted to the army in many ways—Mr. Drew knows that too—and, therefore, the Government are happy indeed to be able to do something—small though it be—in return for the kindly efforts of the army in this State over a period of many years.

The most imposing thing about the Bill is its Preamble of six and a half pages, but on looking into it and casting aside the legal jargon, it appears that by deed poll, dated the 7th August, 1878, executed by the late William Booth, the origin and doctrines of a religious society, known as the Christian Mission, were recited and set forth. That deed poll provided that the control of the Christian Mission should be at all times in one person, to be called the general superintendent, and appointed William Booth as the first superintendent, and gave him power to appoint a successor. It also gave him power to acquire property and dispose of it. Shortly afterwards, in 1879, the name of the society was changed to that of the Salvation Army, and a little later, the title of general superintendent was altered to general of the Salvation Army.

The next document was dated July, 1904, and it met the possibility of the general becoming unfit to continue the exercise of his functions, in that it created a High Council which was empowered to remove the general if, by a three-fourths majority vote, the council determined that the general was no longer fit to carry on. Then, eight years later, the original general William Booth, died. Twenty-two years prior to his death, he had appointed his son, William Bramwell Booth, to be his successor, and in due course William Bramwell Booth accepted the position, and became general. Both those generals—the father and his son—built up, side by side with the religious organisation's work, a branch, which they termed social work, for the relief of the aged and the care of the distressed of all ages. In 1920, that branch of the work was taken from the general branch, and placed under the general, but under him in his capacity as Director of Social Work. It was also provided that the property of the army for its religious work, and the property of the army for its social work, should be kept separate and should be vested respectively in the general in his capacity as general,

and the general, in his capacity as Director of Social Work.

I come now to recent history, with which most members are moreover less familiar. At meetings on the 8th January, 1929, and the 13th February, 1929, the High Council, created by the deed of 1904, by resolution, decided that General William Bramwell Booth was, owing to ill-health, no longer fit to carry on, and they thereupon removed him from that position and appointed Edward John Higgins to take his place. Edward John Higgins accepted the position and then a few months afterwards, on the 16th June, 1929, the death took place of William Bramwell Booth.

That is a resume of the preamble and we now come to the operative parts of the Bill, which are simply designed to vest in trustees the property in Western Australia, which, at the moment, is vested either in the general, as general, or in the general, as Director of Social Work. The trustees will number not fewer than five or more than seven, and they will be persons appointed by the general of the Salvation Army for the time being. The trustees are to have the custody of the common seal, and three trustees are to form a quorum at meetings. They will have the same powers with reference to the property vested in them as were previously vested in the general, as general, or in the general, as Director of Social Work. Those powers will enable them to borrow, mortgage, sell, and deal with the proceeds of sales. The Bill also contains provisions requiring the trustees to keep minutes and to keep a register of land, and power is given to the general to remove trustees and appoint new trustees. Those are the ordinary powers conferred by a Bill creating trustees of property. By Clause 22, the Registrar of Titles and the Under Secretary for Lands respectively are directed to take notice of the effect of this measure and, on application, they must cause alterations to be made in the register setting forth the vesting of property in the trustees and the devesting of it from the general. Acts practically identical with this Bill have already been passed in New South Wales, Victoria, Queensland, and Tasmania, and one is expected to be passed in South Australia. If desired, I can give further information on the respective clauses when the Bill is in Committee. In that connection, the local solicitors—Messrs. Stone, James and Co.—have given me lengthy explanations and hon. members may peruse them if they so wish. I move—

That the Bill be now read a second time.

Question put and passed.

Bill read a second time.

In Committee.

Bill passed through Committee without debate, reported without amendment, and the report adopted.

House adjourned at 9.1 p.m.

Legislative Assembly.

Tuesday, 10th November, 1931.

The SPEAKER took the Chair at 4.30 p.m., and read prayers.

QUESTION—LAND ACT.

Report of Special Committee.

Hon. W. D. JOHNSON (without notice) asked the Minister for Lands: Will he lay on the Table of the House the report of the special committee, composed of Mr. Courtney, Mr. Pellow and Mr. Drake-Brockman who advised him in respect of the matters contained in the Land Act Amendment Bill (No. 2) now before the House.

The MINISTER FOR LANDS replied: I have no objection to these papers being laid on the Table of the House.